

SENATE BILL 388

By Kelsey

AN ACT to amend Tennessee Code Annotated, Section 67-5-2502, relative to invalidation of tax sales and damages that may be awarded.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-2502(c), is amended by designating the existing language as subdivision (1), and by adding the following language, to be designated as subdivisions (2) and (3):

(2) The maximum value that may be awarded to any party owning or holding an equitable interest in the property sold for delinquent taxes, and who failed to receive notice of the sale, as provided by law, in sufficient time to protect the party's interest, shall be the owner's prorated portion of the value of the property at the time of the purchase by the successful tax sale bidder, less the taxes owed on the property at the time of the sale, plus interest at prime rate on the resulting sum from the time of the claim. This procedure controls regardless of whether the delinquent tax attorney or the county trustee failed to notify all parties with an equitable interest in the property sold for taxes, except for fraud or misrepresentation by any person, party, or agent for the local government, or collusion between an agent and other party, including those holding an equitable interest. It is not necessary to invalidate the tax sale if the person claiming failure of process is compensated at the value or values established in this subdivision (c)(2).

(3) Subdivision (c)(2) shall only apply to any county, and municipality located within any county, having a population greater than eight hundred thousand (800,000), according to the 2000 federal census or any subsequent federal census.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. This act shall take effect July 1, 2011, the public welfare requiring it.